

Message Text

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ACTION EB-07

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C O N F I D E N T I A L LUSAKA 0127

EO 11652: GDS

TAGS: EMIN, ZA

SUBJECT: AMAX COPPER NEGOTIATIONS WITH GRZ

1. DENIS ACHESON OF AMAX'S LONDON OFFICE STOPPED IN AT THE EMBASSY JAN 21 TO SAY THAT NEGOTIATIONS ON A SETTLEMENT OF THE COMPANY'S CLAIM AGAINST THE GRZ HAD GONE WELL AND EVERYTHING WAS LINED UP FOR SIGNATURE FRIDAY, JAN 24, WHEN THE SURPRISE ANNOUNCEMENT CAME THAT MINISTER OF MINES AND INDUSTRY ANDREW KASHITA WAS BEING REPLACED BY MINISTER OF POWER AND TRANSPORT AXON SOKO. AMAX DOES NOT KNOW WHETHER THE REAL REASON FOR DROPPING KASHITA RELATES TO THE SETTLEMENT WITH AMAX OR TO THE BASIC ANIMOSITY BETWEEN FORMER MINISTER OF MINES AND INDUSTRY AND NOW CENTRAL COMMITTEE MEMBER HUMPHREY MULEMBA AND KASHITA, OR TO A HOST OF OTHER POSSIBLE EXPLANATIONS (SEPTTEL).

2. NEVERTHELESS, THE AMERICAN-INTEREST COMPANY IS PROCEEDING ON THE ASSUMPTION THAT THE GRZ WILL CONCLUDE THE AGREEMENT AS SET UP AND THAT THE ACTING MINISTER OF MINES AND INDUSTRY PETER MATOKA WILL SIGN IN THE ABSENCE OF THE NEW MINISTER SOKO (AWAY IN THE MIDDLE EAST ON AN OIL NEGOTIATING DEAL).

3. AS TO THE TERMS OF THE SETTLEMENT, ACHESON DOES NOT REGARD THEM AS VERY GOOD FOR AMAX, BUT PERHAPS THE BEST THAT COULD BE NEGOTIATED AT THIS TIME GIVEN THE EXTENT OF DEPRECIATION OF ASSETS
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WHICH HAS SET IN OVER THE LONG PERIOD OF NEGOTIATION.

AMAX IS ANXIOUS TO GET THE SETTLEMENT SIGNED
BEFORE THE ZAMBIAN BUDGET IS SOON PRESENTED TO
THE NATIONAL ASSEMBLY.

4. AMAX'S LONDON TEAM COMPOSED OF ACHESON AND
DAVID FARMER WILL BE JOINED THIS WEEK BY PEOPLE FROM
THE NEW YORK OFFICE, GROUP EXECUTIVE CROLL AND
LAWYER DEXTER WOLCOTT.

5. KASHITA TOLD ACHESON IN CONFIDENCE "FOR
SHARING WITH FRIENDS" THAT PRESIDENT KAUNDA'S LETTER
RELEASING HIM FROM HIS DUTIES AS MINISTER CITED AS A
PRINCIPAL REASON KASHITA'S "ORDER TO THE COPPER
COMPANIES TO REDUCE PRODUCTION BY TEN PERCENT."
ACHESON AGREED WITH KASHITA THAT THIS WAS NOT, OF
COURSE, TRUE. ACHESON QUESTIONED WHAT KIND OF
MINISTER OF MINES AND INDUSTRY OR CIPEC PRESIDENT
WOULD BE WORTH HIS SALT WHO COULD NOT ISSUE SUCH AN
ORDER, IF HE WANTED TO. KASHITA WAS UNCERTAIN
WHETHER OR NOT HE SHOULD POINT OUT TO THE PRESIDENT
IN HIS REPLY THAT HE WAS MISINFORMED. HE
WONDERED IF IT WOULD DO ANY GOOD.
WILKOWSKI

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